

TENNESSEE STATE FAIRGROUNDS MASTER PLAN – PHASE 1 FINDINGS



February 21, 2013



Presentation Outline

1. Introduction & Methods
2. Facility Condition Assessment
3. Existing Fairgrounds Operating Performance
4. Comparable Fairgrounds Benchmarking
5. Market Demand Analysis
6. Supportable Program & Operating Issues
7. Potential Concepts by Scenario
8. Economic Impacts & Costs



Phase 1 Purpose

“A forward-thinking effort to protect and enhance the long-term viability of the Fairgrounds for the benefit of Nashville and the state of Tennessee.”

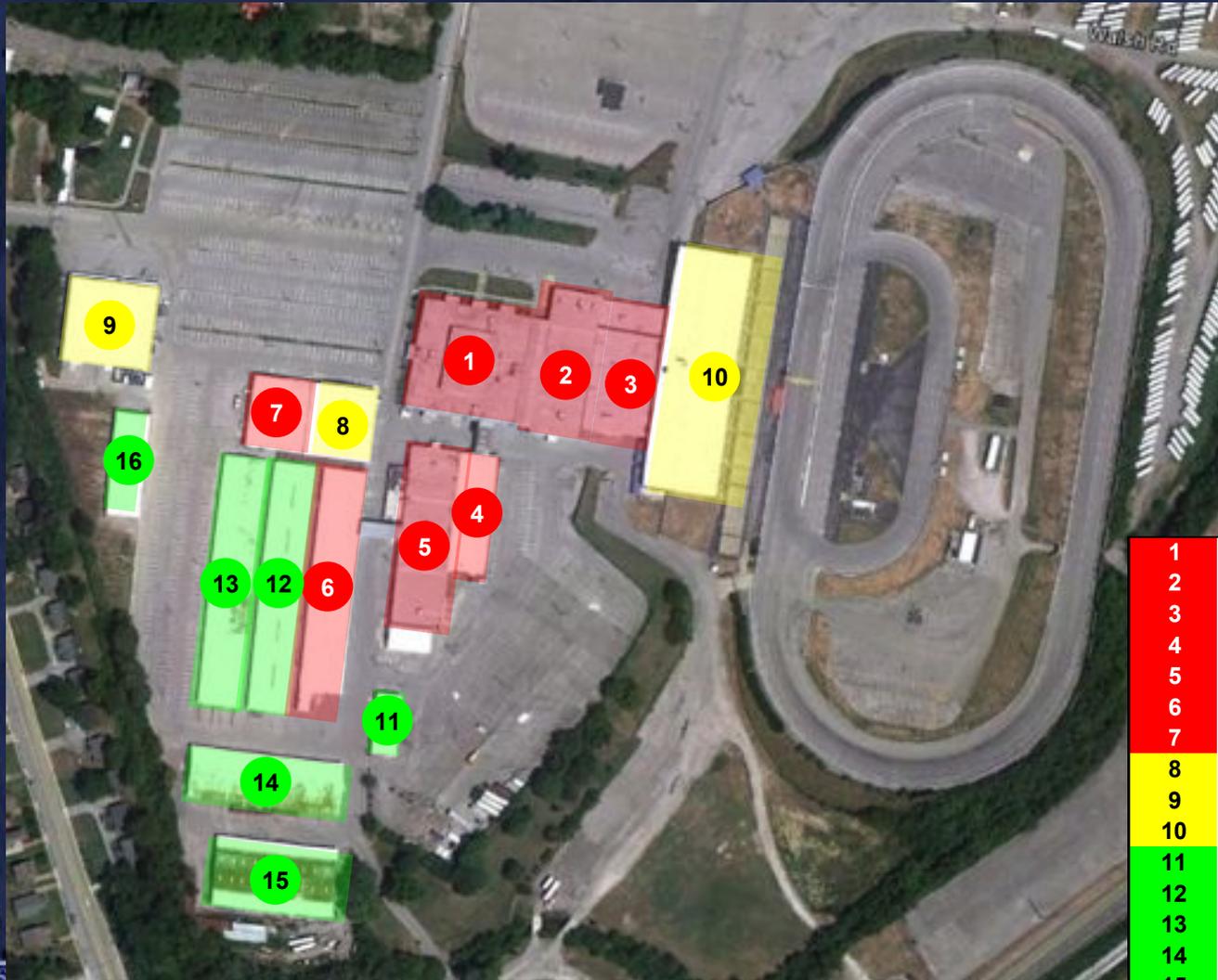


Phase 1 Objectives

Recommend a Fairgrounds market supportable program and analyze several potential development scenarios, with the end purpose of identifying a solution that considers industry best practices and enhances the long-term financial and economic impact-generating performance of a Fairgrounds complex in Davidson County.



Tennessee State Fairgrounds



1	Creative Arts Building
2	Annex Building
3	Exhibitor's Building
4	Banquet Building
5	Agriculture Building
6	Vaughn Building
7	Wilson Hall
8	Judging Arena
9	Sports Arena
10	Grandstand
11	Rabbit Barn
12	Shed 2
13	Shed 3
14	Shed 4
15	Shed 5
16	Pulling Shed

Facility Condition Assessment

1. Most structures in fair condition; some better, some worse
2. Little HVAC maintenance has been performed
3. There are no HVAC controls
4. Roofing condition is questionable; further analysis required if buildings remain
5. Door air curtains not easily controlled
6. All facilities have cosmetic needs (paint, flooring)

Facility Condition Assessment

7. Little to no sustainability measures in place
8. Steel structures on sheds are oxidizing
9. Wi-Fi is available in all buildings
10. Some areas of wooden structure have rotted
11. Concessions graphics are dated
12. Phone and electrical service are typically provided without taxing the system

Facility Condition Assessment



The Annex



Vaughn Building



Volunteer Village

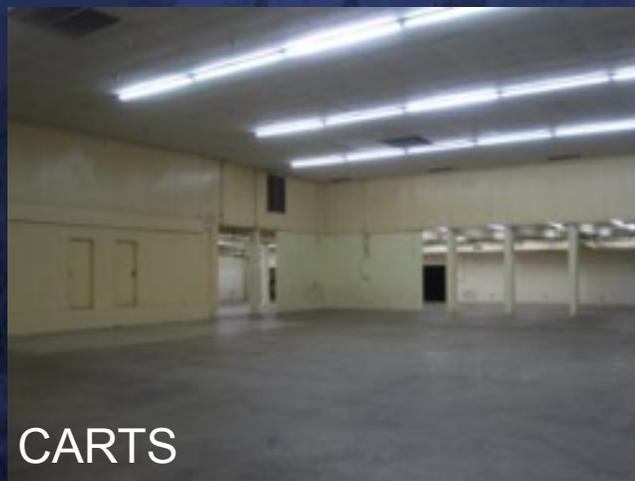
Facility Condition Assessment



Wilson Hall



Perimeter Fencing



CARTS



Grandstand Men's Room

Sample of Fairgrounds Events

PRIMARY TENANTS

- Tennessee State Fair
- Nashville Flea Market
- Fairgrounds Speedway Nashville
- Music City Brawl Stars Roller Derby
- Christmas Village

HORSE / LIVESTOCK / AG.

- Limited to none

CONVENTIONS / CONFERENCES

- Limited to none

PUBLIC / CONSUMER SHOWS

- Bill Goodman's Gun and Knife Show
- American Gem Expo
- Liquidation Expo
- Antique Expo

ENTERTAINMENT EVENTS

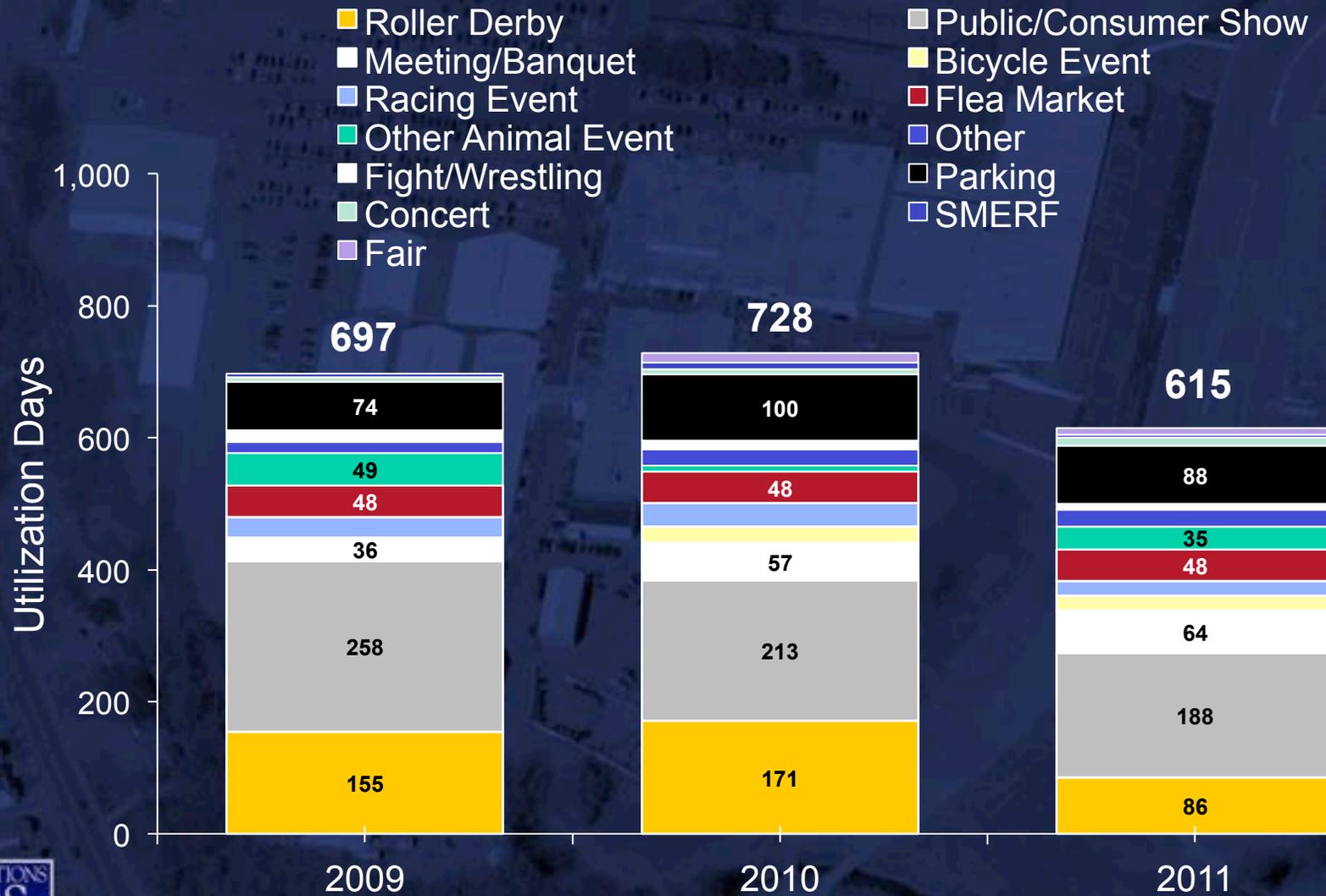
- MMA Fight
- Professional Wrestling
- Boxing Matches

OTHER EVENTS

- Meetings
- Banquets
- Training
- Exams
- Parties
- SMERF
- Luncheons
- Ride-and-Drive



Fairgrounds Utilization Days



Fairgrounds Financial Operating Results

	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Operating Revenues:			
Facility rent	\$1,608,382	\$1,649,112	\$1,732,947
Food service (net)	86,194	109,322	146,249
Contract service/other	215,070	371,115	347,943
Parking	192,833	167,092	200,666
Fair	0	1,073,154	954,589
Total Operating Revenues	\$2,102,479	\$3,369,795	\$3,382,394
Operating Expenses:			
Salaries and benefits	\$1,280,883	\$1,536,424	\$1,393,646
Contract labor	131,600	599,474	941,860
Utilities	531,621	557,192	581,397
Repair & maintenance	128,282	182,317	170,943
General & administrative	224,649	617,462	618,213
Supplies	84,912	120,425	164,581
Insurance	51,267	107,140	84,089
Other	2,718	6,067	4,364
Total Operating Expenses	\$2,435,932	\$3,726,501	\$3,959,093
Net Operating Profit/(Loss)	(\$333,453)	(\$356,706)	(\$576,699)



Comparable Fairgrounds Complexes

Facility

City, State

Arkansas State Fair Complex

Little Rock, AR

Illinois State Fairgrounds

Springfield, IL

Indiana State Fairgrounds

Indianapolis, IN

Iowa State Fairgrounds

Des Moines, IA

Kansas State Fairgrounds

Hutchinson, KS

Kentucky Expo Center

Louisville, KY

Mississippi Fair Complex

Jackson, MS

North Carolina State Fairgrounds

Raleigh, NC

Ohio Expo Center

Columbus, OH

State Fair Park

Oklahoma City, OK

South Carolina State Fairgrounds

Columbia, SC

Wisconsin State Fair Park

Milwaukee, WI



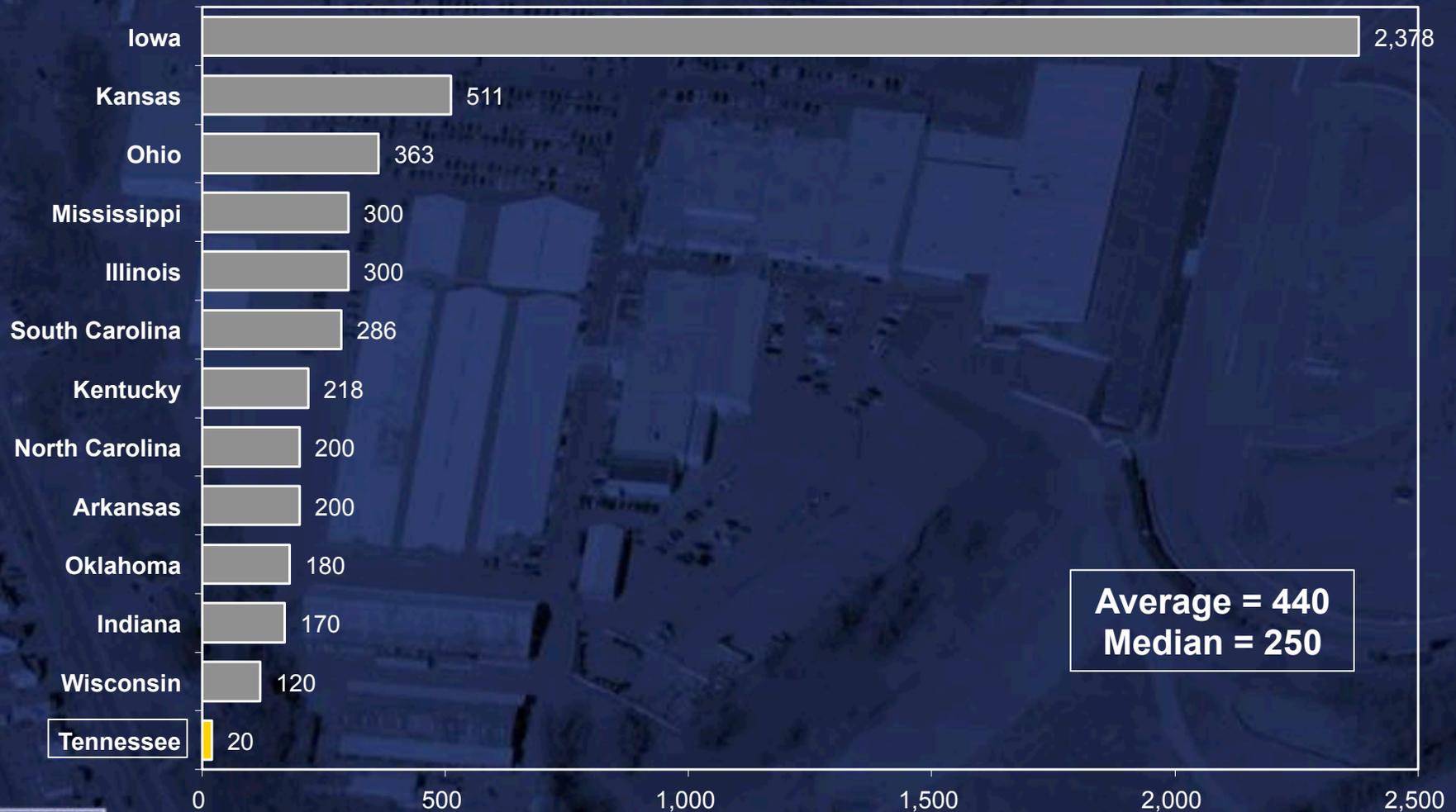
Total Acreage



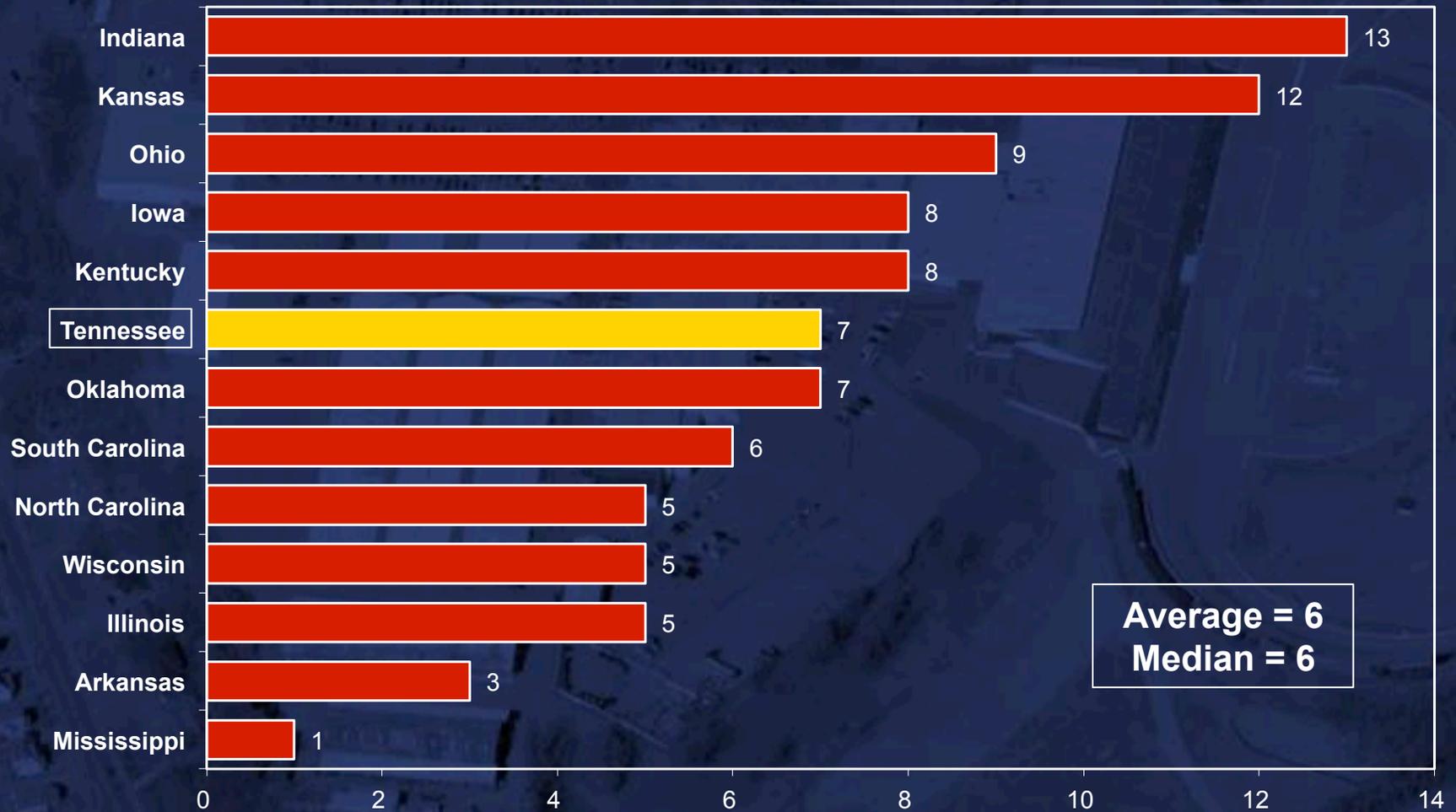
Permanent & Temporary Stalls



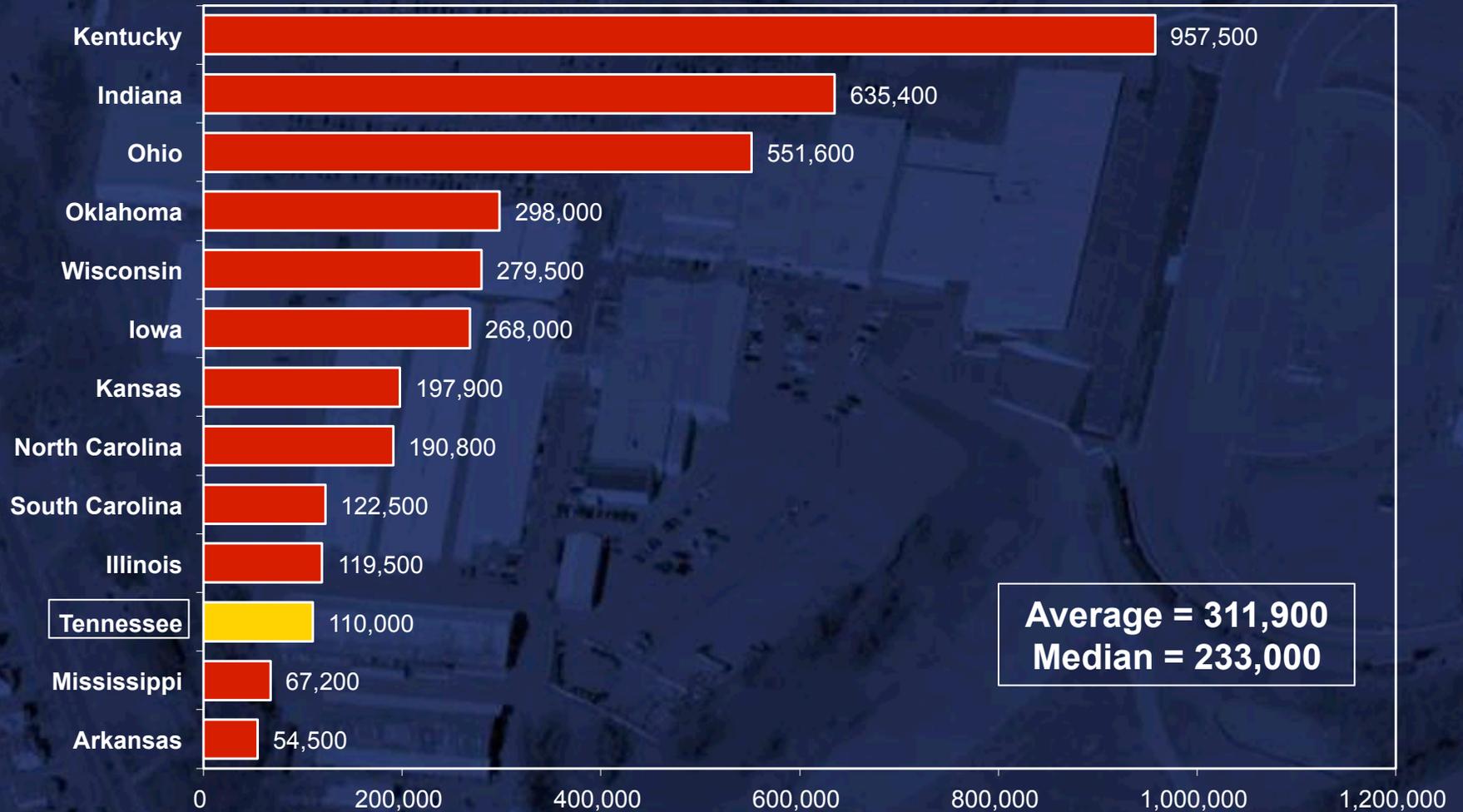
Total RV Hookups



Number of Exhibit Halls



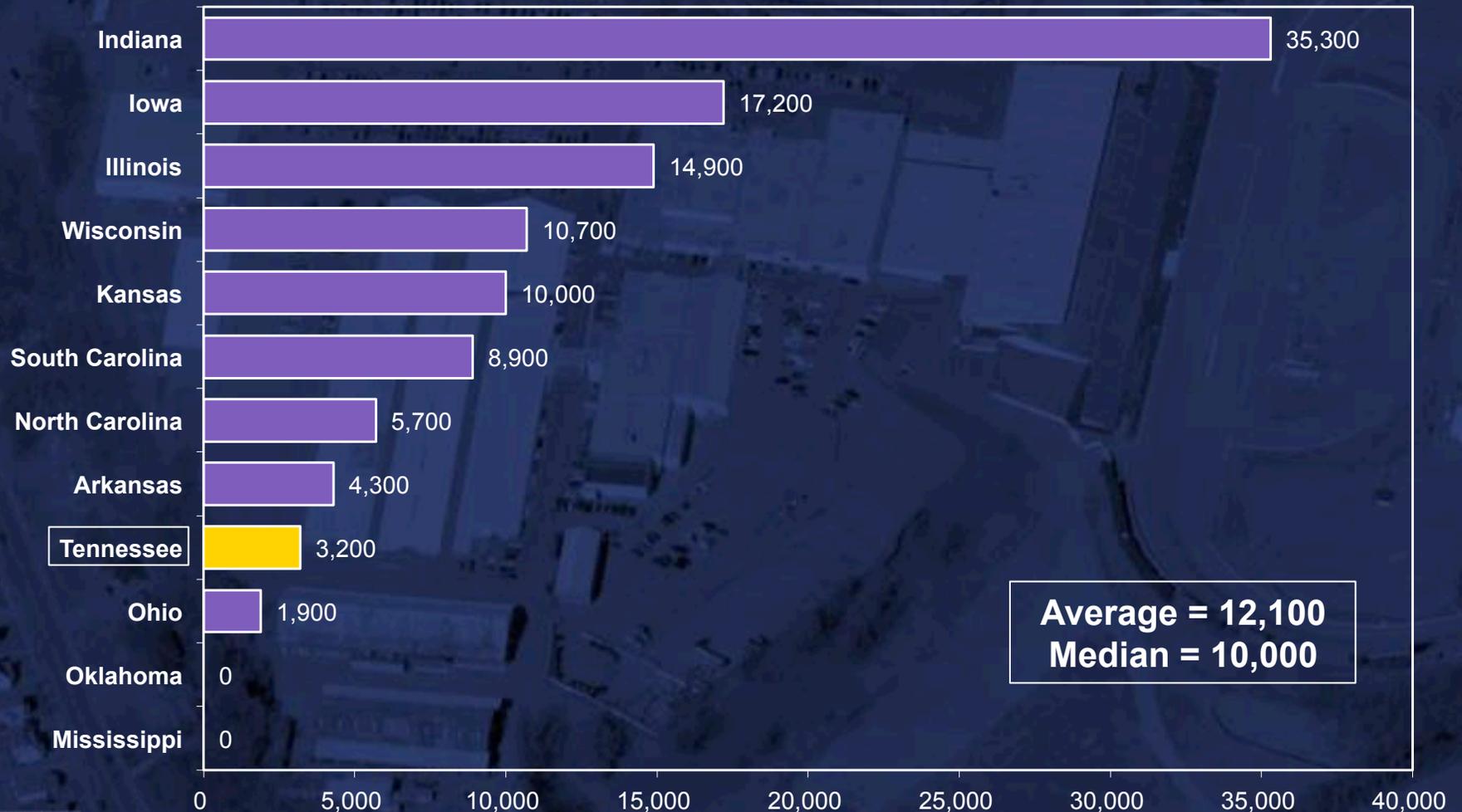
Total Exhibit Space (in SF)



Largest Single Exhibit Hall



Total Meeting Space (in SF)



Number of Indoor Arenas



Largest Indoor Arena (in SF)



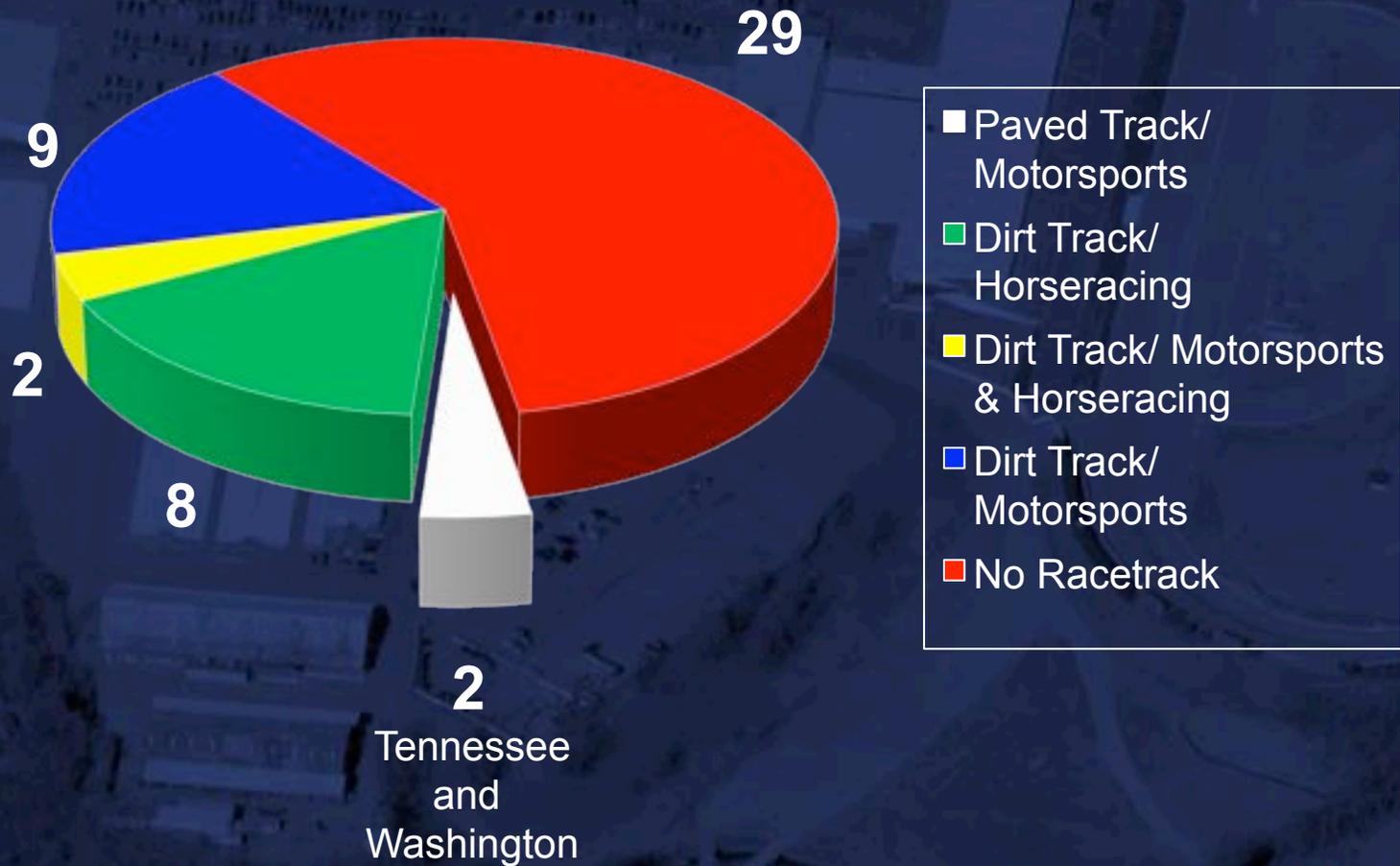
Largest Arena (Seating Capacity)



Grandstand (Seating Capacity)



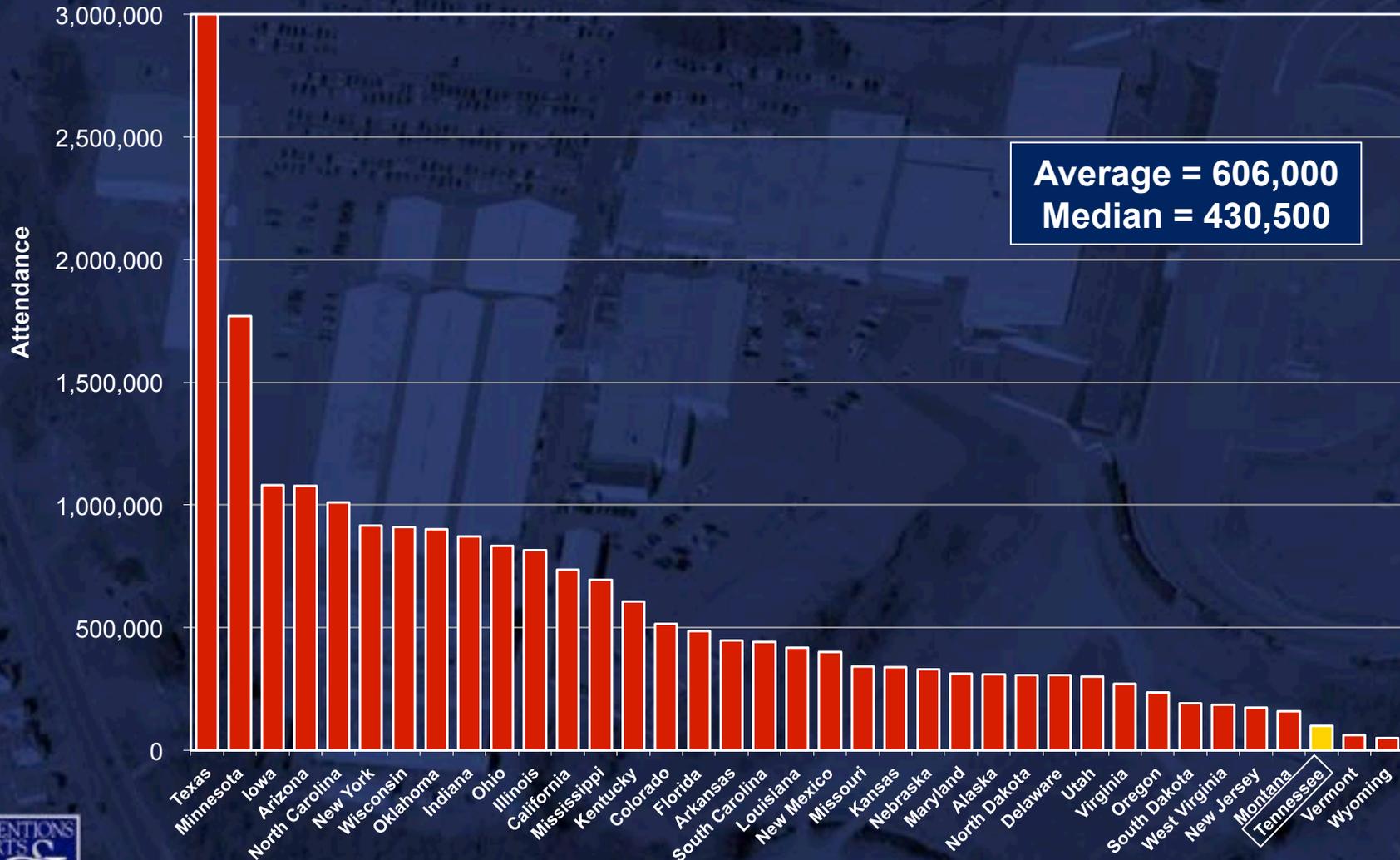
Integration of Racetracks at State Fairgrounds Complexes



Market Analysis Methods

- Team visit, site tours, & meetings at kick-off
- Community outreach, including:
 - ✓ Open House
 - ✓ Capture of public feedback and comments
 - ✓ Discussions with existing Fairgrounds users
 - ✓ Interviews of visitor industry leaders & stakeholders
- Benchmarking of comparable facilities
- Competitive facilities assessment
- Demographics & local market conditions
- Telephone survey of potential facility events

State Fair Attendance



Fairgrounds Speedway

Overall Issues:

- Noise & issues impacting neighborhood
- Limitation in dates available to racing
- Deficiencies in functionality, amenities, etc.
- Historical challenges w/ promoter stability
- Closure of Nashville Superspeedway
- High costs re: construction & operation of a state-of-the-industry speedway



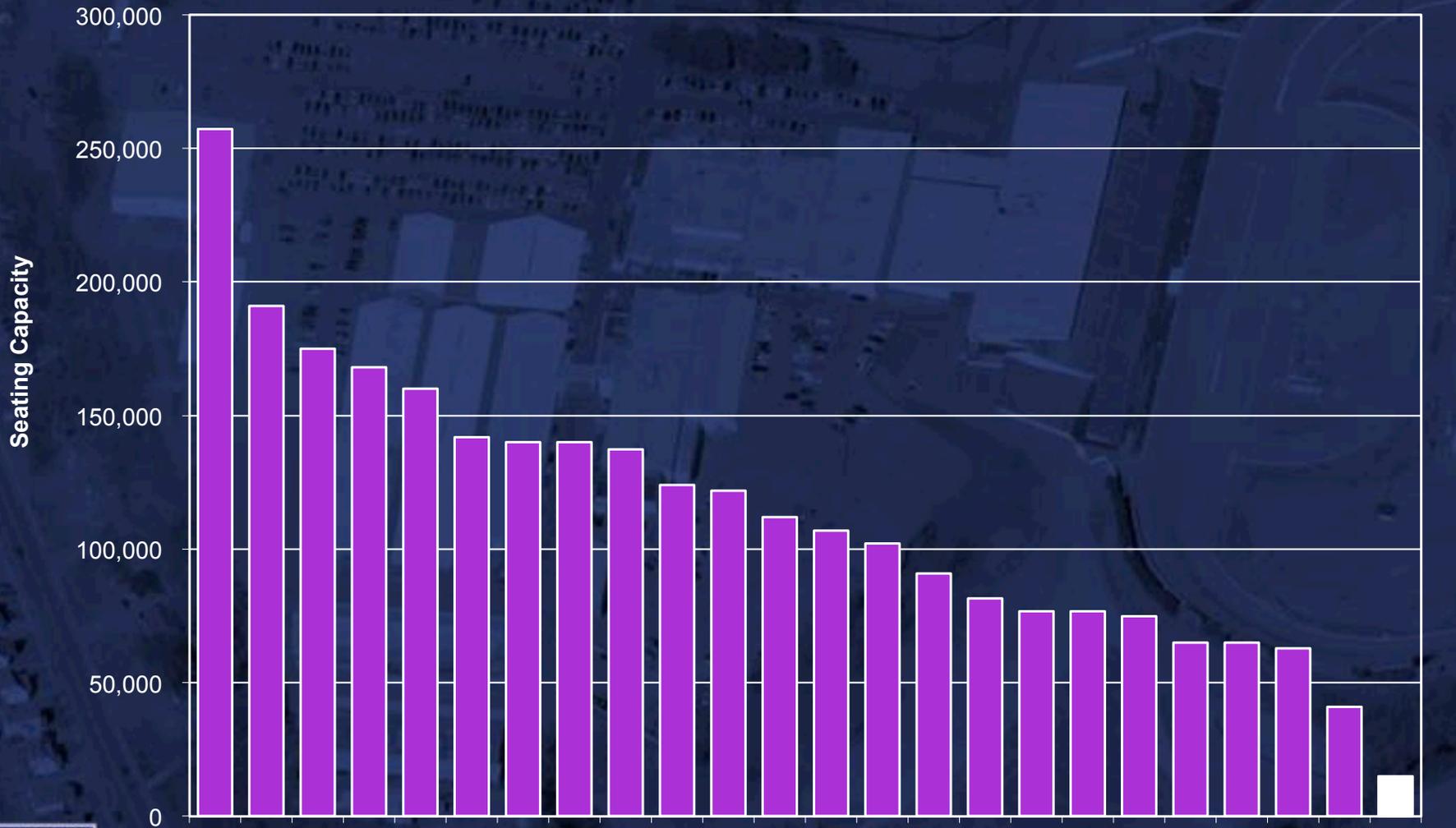
Fairgrounds Speedway

NASCAR Issues:

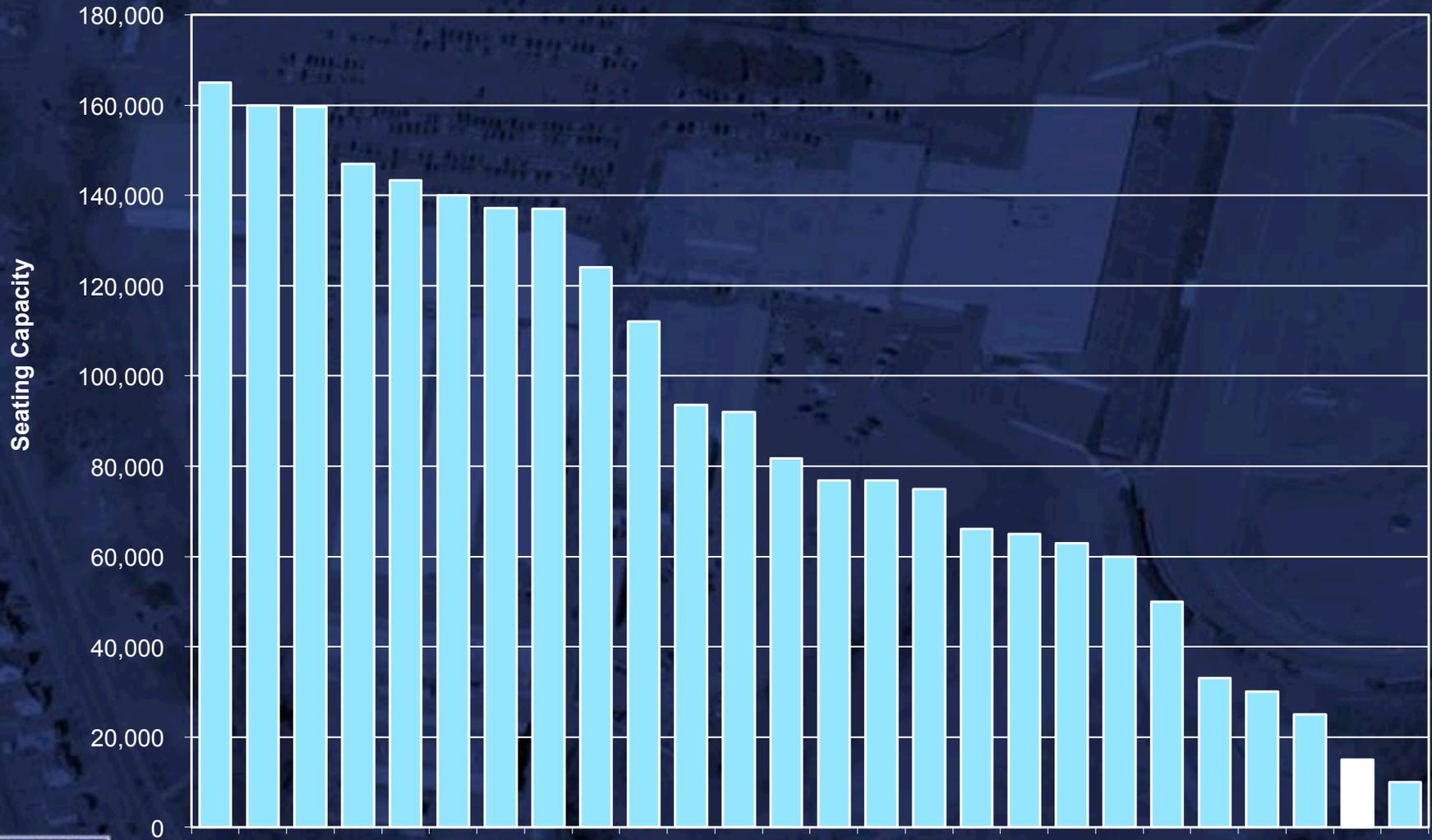
- NASCAR “will not, under any circumstance, take a position on the [Nashville] racetrack at this time.”
- NASCAR will only consider a track if:
 - Do they want to be in the market?
 - Do they have room on the calendar?
 - Is the promoter partner viable?
- No local promoters have spoken directly to NASCAR about promoting a Nationwide or truck series race at the Fairgrounds Speedway.



NASCAR Sprint Cup Seating



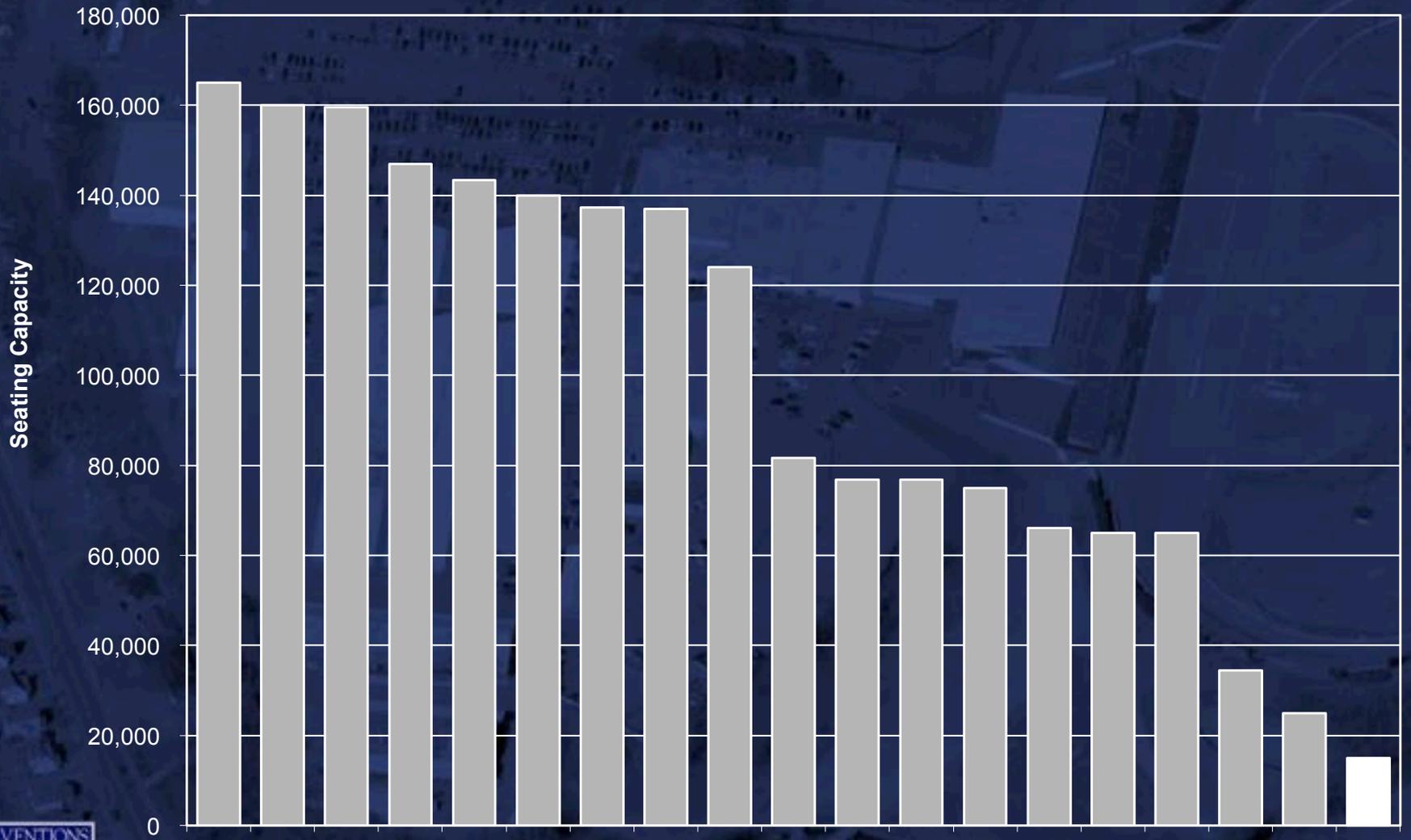
NASCAR Nationwide Series Seating



Nashville



NASCAR Camping World Truck Seating



Nashville



Fairgrounds Speedway

ARCA Issues:

- ARCA is very interested in having a race at the fairgrounds, last raced in market in 2010.
- ARCA sponsors “love” the middle TN market.
- Would not put many demands for facility improvements.
- ARCA more concerned with spectator and racer safety than having amenities.
- Catch fence and pit road entrance are most important safety issues for ARCA.

ARCA Racing Series Seating



Market Supportable Program

Exhibit Halls

Indoor Arena

Warm-up/Show Areas

Barns/Stalls

RV Hookups



Market Supportable Program

Exhibit Halls:

(concrete floor, column-free if possible)

1 @ 80,000SF

1 @ 40,000SF

4 @ 15,000 to 25,000SF

(with at least one with smaller sub-divisibility)

Indoor Arena:

1 @ Indoor Rodeo Arena, dirt floor,
up to 300'x150' ring, 3,500 to 5,500 seats



Market Supportable Program

Warm-up/Show Areas:

- 1 @ covered warm-up / show ring (ring of at least 150x100')
- 1 @ outdoor warm-up / show ring (ring of at least 150x100')

Barns/Stalls:

Barns with room for up to 1,000 horse stalls (mix of permanent and portable) plus ties, wash racks, circulation and storage

RV Hookups:

Approx. 150



Development Scenarios

- **Scenario 1:**
“As Is”, No Physical Changes
- **Scenario 2:**
Operational Adjustments, Basic Repairs
- **Scenario 3:**
Fairgrounds Redevelopment at Current Site
- **Scenario 4:**
Fairgrounds Redevelopment at “Greenfield” Site



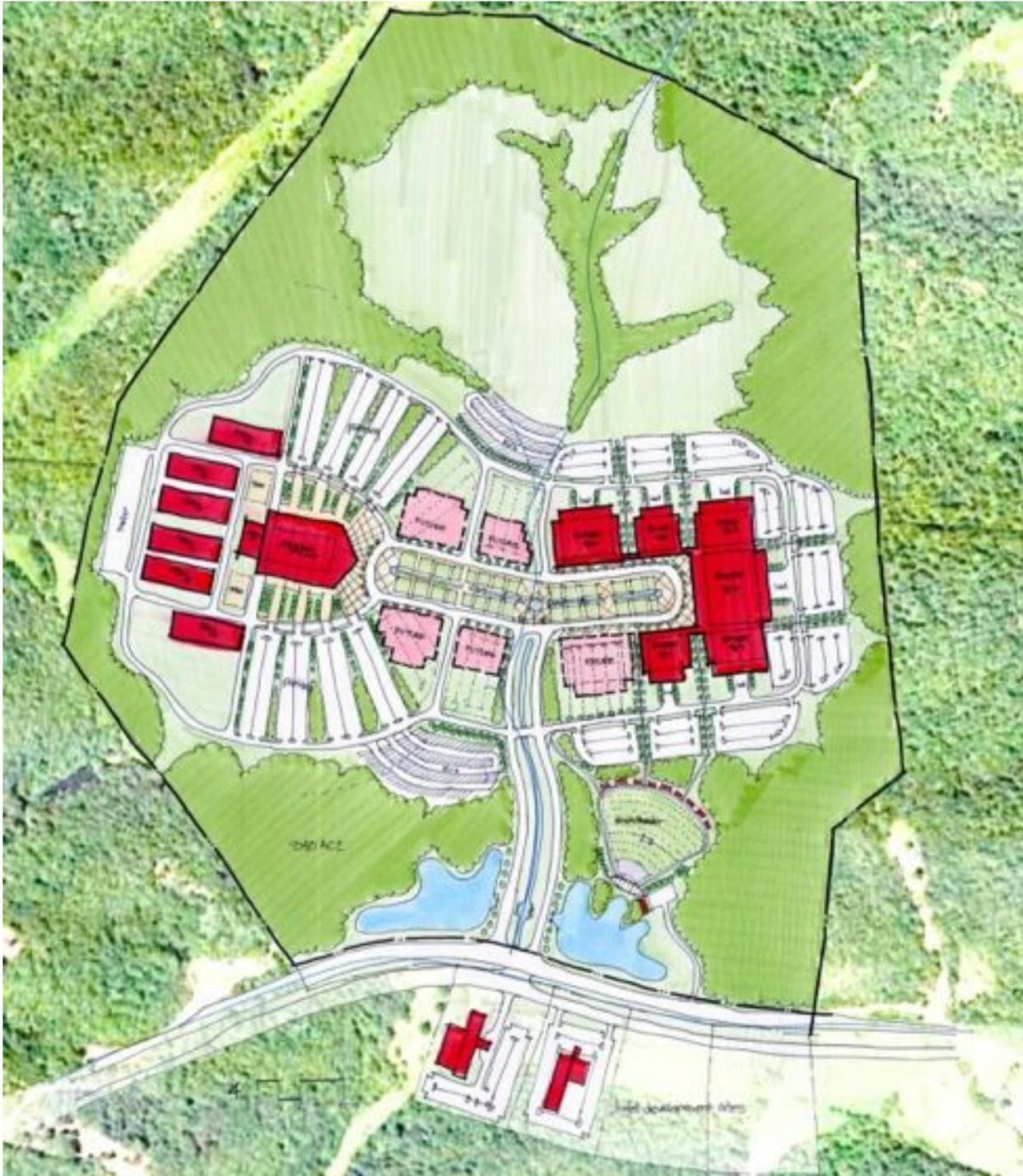
Scenarios 1 & 2

(no changes to
physical
facilities)



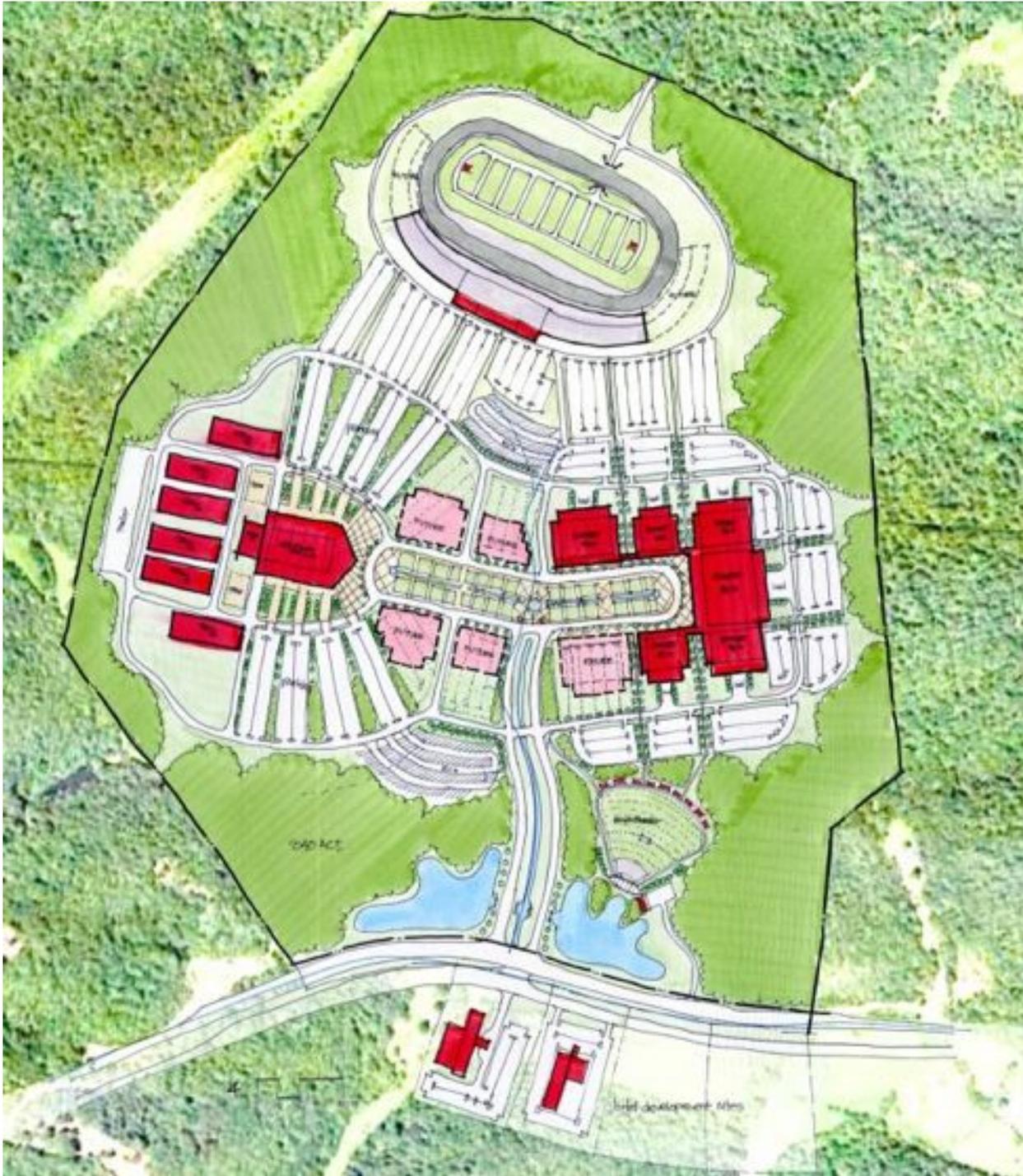
Scenario 3B

(Fairgrounds redevelopment at current site, remove Racetrack)



Scenario 4A

(Fairgrounds
redevelopment
at new
greenfield site,
no racetrack)



Scenario 4B

(Fairgrounds redevelopment at new greenfield site, with new racetrack)

Potential Construction Costs

(in millions)

	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Structures	\$100.0	\$89.0	\$119.0	\$119.0
Site Development	21.0	26.0	69.0	155.0
Project Costs	<u>29.0</u>	<u>28.0</u>	<u>42.0</u>	<u>59.0</u>
Total Probable Cost	\$150.0	\$143.0	\$230.0	\$333.0



Number of Events by Scenario

(estimated annual levels, upon stabilization)

Event Type	Current	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO
		1	2	3A	3B	4A	4B
		"As Is", No Physical Changes	Op. Changes, Limited Physical	Redevelop. @ Current Site, w/ Racetrack	Redevelop. @ Current Site, NO Racetrack	Redevelop. @ Greenfield Site NO Racetrack	Redevelop. @ Greenfield Site w/ Racetrack
State Fair	1	1	1	1	1	1	1
Racing	7	7	12	12	0	0	32
Flea Market	12	12	12	12	12	12	12
Public Show	48	40	45	55	60	40	40
Animal Event	10	8	12	27	30	35	35
Mtgs/Banquets	36	30	40	65	70	60	60
Entertainment	8	5	10	17	20	15	15
Other	<u>120</u>	<u>100</u>	<u>130</u>	<u>100</u>	<u>110</u>	<u>60</u>	<u>60</u>
Total	242	203	262	289	303	223	255



Total Attendance

(estimated annual levels, upon stabilization)

Event Type	Current	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO
		1	2	3A	3B	4A	4B
		"As Is", No Physical Changes	Op. Changes, Limited Physical	Redevelop. @ Current Site, w/ Racetrack	Redevelop. @ Current Site, NO Racetrack	Redevelop. @ Greenfield Site NO Racetrack	Redevelop. @ Greenfield Site w/ Racetrack
State Fair	100,000	100,000	150,000	225,000	250,000	300,000	300,000
Racing	35,000	35,000	72,000	90,000	0	0	255,000
Flea Market	72,000	72,000	72,000	91,200	96,000	48,000	48,000
Public Show	79,200	66,000	74,250	121,000	151,800	132,000	132,000
Animal Event	9,000	7,200	10,800	44,550	54,000	105,000	105,000
Mtgs/Banquets	7,200	6,000	8,000	13,000	14,000	12,000	12,000
Entertainment	18,000	7,500	15,000	38,250	30,000	33,750	33,750
Other	<u>19,800</u>	<u>16,500</u>	<u>21,450</u>	<u>55,000</u>	<u>60,500</u>	<u>49,500</u>	<u>49,500</u>
Total	340,200	310,200	423,500	678,000	656,300	680,250	935,250



Total Annual Direct Spending

(in millions, 2012\$, upon stabilization)

Event Type	Current	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO	SCENARIO
		1	2	3A	3B	4A	4B
		"As Is", No Physical Changes	Op. Changes, Limited Physical	Redevelop. @ Current Site, w/ Racetrack	Redevelop. @ Current Site, NO Racetrack	Redevelop. @ Greenfield Site NO Racetrack	Redevelop. @ Greenfield Site w/ Racetrack
State Fair	\$2.7	\$2.7	\$4.1	\$6.1	\$6.8	\$8.1	\$8.1
Racing	0.9	0.9	1.8	2.3	0.0	0.0	6.4
Flea Market	1.2	1.2	1.2	1.6	1.7	0.8	0.8
Public Show	1.2	1.0	1.1	1.8	2.3	2.0	2.0
Animal Event	0.3	0.3	0.4	1.7	2.0	3.9	3.9
Mtgs/Banquets	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Entertainment	0.4	0.2	0.3	0.8	0.7	0.7	0.7
Other	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>1.0</u>	<u>1.1</u>	<u>0.9</u>	<u>0.9</u>
Total	\$7.2	\$6.7	\$9.5	\$15.5	\$14.7	\$16.7	\$23.1



Total Annual Economic Impacts

(dollars in millions, 2012\$, upon stabilization)

		SCENARIO 1	SCENARIO 2	SCENARIO 3A	SCENARIO 3B	SCENARIO 4A	SCENARIO 4B
		"As Is", Current Fairgrounds No Physical Changes	Op. Changes, Limited Physical	Redevelop. @ Current Site, w/ Racetrack	Redevelop. @ Current Site, NO Racetrack	Redevelop. @ Greenfield Site NO Racetrack	Redevelop. @ Greenfield Site w/ Racetrack
Event Type							
Direct Spending		\$7.2	\$6.7	\$9.5	\$15.5	\$14.7	\$23.1
Indirect/Induced		\$4.9	\$4.5	\$6.4	\$10.4	\$9.9	\$15.5
Total Output		\$12.1	\$11.1	\$15.9	\$25.9	\$24.7	\$38.6
Personal Earnings		\$5.9	\$5.4	\$7.7	\$12.5	\$11.9	\$18.7
Employment (full & part-time jobs)		151	139	198	323	308	482



Est. Annual Costs & Benefits

	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Annual Costs to Metro Government:							
Const. Debt Service	\$0.0	\$0.0	\$0.8	\$7.7	\$7.3	\$11.7	\$17.0
Operating Deficit	<u>\$0.3</u>	<u>\$0.4</u>	<u>\$0.3</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$0.7</u>	<u>\$0.8</u>
Total	\$0.3	\$0.4	\$1.0	\$8.1	\$7.7	\$12.4	\$17.7
Annual Incremental Tax Revenue to Metro Government:							
Total	\$0.4	\$0.3	\$0.5	\$0.8	\$0.8	\$0.9	\$1.3
Annual Economic Output:							
Direct Spending	\$7.2	\$6.7	\$9.5	\$15.5	\$14.7	\$16.7	\$23.1
Indirect/Induced	<u>\$4.9</u>	<u>\$4.5</u>	<u>\$6.4</u>	<u>\$10.4</u>	<u>\$9.9</u>	<u>\$11.3</u>	<u>\$15.5</u>
Total	\$12.1	\$11.1	\$15.9	\$25.9	\$24.7	\$28.0	\$38.6
Annual Employment Impacts:							
Full & Part-time Jobs	151	139	198	323	308	349	482
Personal Earnings	\$5.9	\$5.4	\$7.7	\$12.5	\$11.9	\$13.5	\$18.7

Cost/Benefit Implications

- Best practices model for state fairgrounds does NOT include a paved motorsports racetrack
- If Scenario 3 is pursued, cost/benefit analysis indicates little difference with or without racetrack; however, if race dates cannot be increased, Scenario 3B (w/o racetrack) is preferred
- If Scenario 4 is pursued, cost/benefit analysis indicates a preference for Scenario 4A (w/o racetrack)
- Non-quantifiable benefits are normally considered in decision-making relating to these types of issues